

GUIDEBOOK FOR SUCCESS

THE PMI CODE OF CONDUCT



LETTER FROM OUR CEO

Dear Colleagues,

The energy we feel, the personal commitment we see, and the way we are embracing our smoke-free vision, are a real source of pride. We are coming together, as we do whenever trying to do difficult things, and we have what it takes to make a smoke-free future a reality.

It's not easy. Replacing cigarettes with smoke-free products is an enormous task. Getting it right means changing the way we think, the way we learn, and the way we work. It also means getting comfortable with taking more risks, confronting uncertainty, and accepting failures. This is a big change for many of us. What unites and guides us as employees will not change. If anything, this Guidebook becomes even more critical. We simply cannot afford to fall short in keeping our fundamental promises to each other, to our consumers, and the broader world. Please read the following pages. Use them to inform and guide your good judgment.

We've adapted the Guidebook to reflect what we've learned, and what we anticipate we will need to move forward. What is abundantly clear is the growing importance of good ethical judgment; of building trust by consistently demonstrating that we are honest, respectful, and fair.

Take the time - especially when the pressure is high and deadlines loom - to stop and think about your actions and ask for help when you need it. Test yourself using the ideas in this Guidebook to ensure that what you are doing is something in which we can all take pride.

Sincerely yours,



André Calantzopoulos



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THE CORE IDEAS



THE CORE IDEAS

What We Do

We pause before taking action. Our decisions need to stand the test of time. Before taking final action we ask ourselves if what we are planning fits with the “PMI Way” of doing business - if it’s consistent with:

Good Ethical Judgment;

This Guidebook; and

The Law.

We do not compromise on these fundamentals. Laws might not make sense, we might challenge them, but we still follow them. Competitors may hold themselves to lower standards, but we still respect our own. Equally important is that we understand that rules are not enough; they do not replace the need for good ethical judgment.

THE CORE IDEAS

How We Do It

Good ethical judgment requires honesty, respect, and fairness. These shared ethical values are part of the “PMI Way” of doing business. They unite and guide us as PMI employees, and are at the heart of this Guidebook.

Honesty. It comes down to credibility: can and should people inside and outside the company believe us; do we walk the talk? To state the obvious, no one wants to work with, take advice, or buy products from someone who misrepresents the facts, or otherwise seeks to fool people. We understand that confidence comes from acting with nothing to hide.

Respect. All people deserve respect and so do ideas. Respect is about dignity, acceptance, empathy, and compassion. Spirited disagreement, challenge, even conflict are a force for progress when paired with respect, but destructive when they are not.

Fairness. What seems fair to one person might not feel fair to others. Being fair requires thinking about all of those involved in or affected by a decision. Being fair requires considering all of the circumstances people deal with. In some situations, being fair requires a lot of thinking and a lot of effort. And there will be uncertainty. Unequal application of the rules is unfair, as is excluding people or their ideas due to gender, ethnicity, religion, sexual preference or other such factors.

Good ethical judgment also requires shifting your perspective. What other people think matters. Our customers, colleagues, and broader society have an interest in what we do. Each needs to trust what we say and what we do. Before taking action, we ask ourselves if our actions will conflict with their values. We accept that not everyone will agree with everything we do, but we should always be confident that our actions are honest, respectful, and fair.

THE CORE IDEAS

What We Need to Remember

Real life can make us miss the obvious. Pressure, fatigue, and routine all put blinders on our decision making. We all get distracted, and we all have moments when we see things through rose-colored glasses. Before acting, take a moment and consider if you are doing things the “PMI Way” - following this Guidebook, the law, and demonstrating good ethical judgment. There is always time to think before taking the final action.

Rules do not replace good judgment. Rules can work against their intended purpose. Good judgment guards against such failures. If a law or company rule doesn’t make sense, then speak up so we can seek change. Understand that until change happens we comply, even if we disagree, because our respect for the rule of law is sincere.

No one has all the answers. That’s fine – provided we reach out to find the best answers. We are in this together. Talk about difficult choices with others. Good judgment is a skill that improves by involving others and considering other points-of-view. Remember, it’s not just about us as individuals; when you reach out you have the potential to help us all learn.

Mistakes are something we speak up about, learn from, and accept. We all make mistakes. They are even useful if the right people know what happened, and adjustments are made based on the experience. But understand there is a difference between a mistake and disregard for how we do business - ignoring the law, this Guidebook, or our shared ethical values. Disregard puts us all at risk and has no place here.

SPEAKING UP



SPEAKING UP

What We Do

When something can be improved or is wrong, we take action.

If you see something going wrong, you must speak up. When you speak up, the company will listen and act. Equally important is speaking up to improve things. When you speak up in good faith, PMI will support you fully.

How We Do It

Share your ideas and experience on how to improve things. If a requirement or process makes it more difficult for you to work effectively or appears too complicated for the purpose, then say something. Rules and processes should make sense and help you do your job. You should also say something if you perceive that actions have not been taken to protect the company from a potential business, legal, or regulatory risk.

Ask questions when things aren't clear.

PMI provides all of us, at every level of the organization, with access to colleagues who can answer questions, solve problems, and provide advice. If you are unsure what to do, ask – you will get help.

Stop things that go wrong. Mistakes happen. When they do, it's part of your job to help correct them. If something does not seem right, or it appears that this Guidebook, a Principle & Practice, or the law is being compromised, you have an obligation to speak up. Ignoring a potential ethics and compliance issue can enable a relatively small problem to grow into a large problem, causing real harm to your fellow employees and the company.

What We Need to Remember

We investigate reports of suspected misconduct. The Ethics & Compliance Department has trained employees in the functions to investigate your concerns. PMI Investigation Standards govern all Ethics & Compliance investigations, and we run a post-investigation quality assurance program to ensure that the process remains fair, unbiased, and respectful.

Ask if you are not sure. If you are worried about what will happen when you speak up, talk with your local management or the Ethics & Compliance Department. They can address your concerns and answer any questions you might have about the process.

How to Speak Up

There are many ways to speak up. Reach out to:

- Your supervisor or head of your department
- Human Resources
- The Law Department
- The Ethics & Compliance Department:
 - + PMI.EthicsandCompliance@pmi.com
 - + Regional Ethics & Compliance Director
 - + Ethics & Compliance Cluster Head

A third-party operated Compliance Helpline is also available 24 hours a day, seven days a week, in all languages spoken at PMI.

Contact the Helpline online or by telephone. Local dial-in numbers are listed on your intranet. Collect calls are accepted (+1 303-623-0588).

You can use the Helpline anonymously, unless you are calling from one of the few countries where local laws restrict such practices. If you are not sure about anonymity restrictions in your location, ask the Helpline or consult the Law Department.

WORKPLACE INTEGRITY



WORKPLACE INTEGRITY

What We Do

We maintain a work environment that is respectful, inclusive, and safe.

All of us should have an equal chance to contribute and succeed based on the merits of our work. Everyone benefits when this happens. Discrimination, harassment, and unsafe working conditions are unfair; they are the opposite of how we do business.

LEARN MORE

PMI 2-C: Workplace Integrity

PMI 8-C: Environment, Health, Safety and Security

How We Do It

We make all employment-related decisions based on merit. Do not limit people's opportunity to contribute or advance based on age, childcare responsibilities, disability, ethnicity, gender, gender identity, sexual orientation, religion, pregnancy, or other protected personal characteristics.

Harassment has no place here. Treat others with respect. Do not tolerate offensive, demeaning, or abusive conduct. Verbal abuse, bullying, unwanted sexual advances, intimidation, and offensive behavior are examples of inappropriate conduct. Violence and threats of violence are, of course, also unacceptable.

Make safety the priority. Protect yourself and those around you from injury by following all company and government health, security and safety rules. Advise your management about all injuries and near misses. It is unsafe and impermissible to work while impaired or intoxicated by legal or illegal substances, including alcohol or prescription medications and drugs. Do not bring weapons to work or carry them while doing company business unless you have received specific authorization to do so under the company's practices.

What We Need to Remember

Stop and listen. Behavior can be disrespectful and exclusionary even if we don't mean for it to be. People sometimes unknowingly offend others and embarrass the company because they simply do not take the time to listen or to understand how others might feel or react. For example, if you find yourself thinking – and acting like – you are the smartest person in the room and that others do not have good ideas, you may be demonstrating a lack of respect for and understanding of the people around you. You can offend them and completely miss insightful ideas.

Sometimes people say nothing out of fear or deference, but they are still offended. Learn to distinguish between someone tolerating but suffering, and someone actually welcoming a given attitude or advance. Be fair to others by being mindful of what your reactions to their attitudes might tell them. If you dislike something, or think someone has misinterpreted you, say something – do not expect others to guess how you feel or what you meant.

People should feel free to express themselves at work. Our business benefits from a wide range of approaches and opinions. We foster a diverse and inclusive environment where all employees feel comfortable. We all have different needs and styles, and we should make fair accommodations to adjust for these differences.

Our standards apply in non-office settings. Remote work locations, off-site meetings, business trips, and team social events are all work-related settings. For example, the rules against harassment apply to conduct that occurs at an off-site retirement party. In all situations, you should consider how your behavior could affect your colleagues and the company's reputation.

Employee representation. We respect the right of employees to join, or not to join, trade unions and representative organizations of their own choice.

MARKETING & SALES



MARKETING & SALES

What We Do

We market and sell our products responsibly, and only to adult smokers.

Our brands are among the most valuable in the world. We put our creativity and innovation into developing and maintaining brand value. At the same time, we know that tobacco products create health risks to consumers.

Accordingly, we engage only in responsible sales and marketing activities.

How We Do It

We market and sell to adults who smoke or use smoke-free products. Adults are capable of making an informed decision to smoke or use smoke-free products. Our products and marketing and sales activities are meant for adults who smoke or have converted to smoke-free products. We have a responsibility as a leading tobacco company to do our part in preventing minors from using our products.

We inform consumers about the health effects of our products. All advertising and consumables packaging for consumers must have health warnings, even if the law does not require these warnings.

Marketing must be honest and accurate. Information or claims about our products in our marketing and sales materials must be fact-based. Health related product claims must be backed up with scientific evidence that we make publicly available.

We respect the law. Marketing and sales regulations are often complex and require guidance to interpret. You should speak up if you are aware of any activities that might be at odds with the law or company policies.

What We Need to Remember

All marketing must go through a consultation process. Because we must meet a very high standard, our process combines trust and respect for individual judgment and creativity, with appropriate review. When reviewing proposed marketing, we involve people from different roles who have different experiences.

Conventional and smoke-free products are fundamentally different products. Our basic principles expressed in “how we do it” apply to all products, but these principles are implemented using specific rules and processes for conventional and smoke-free products. For example, PMI 4-C applies to conventional products, while our Good Conversion Practices are meant for our electronic heat-not-burn products.

We are also judged on the activities of third parties. Marketing and sales activities often involve third parties, such as agencies, hosts, and coaches. Their actions reflect on our company as much as our own. If you work with third parties in any marketing and sales activities, inform them about our principles and be alert for anything that appears to compromise our values or to bend the rules.

COMPETITION



COMPETITION

What We Do

We thrive in a fair, competitive marketplace.

We compete vigorously based on product quality, consumer insights, innovation, price, and other means that competition laws encourage. We know that a competitive market is good for business and our consumers.

How We Do It

We act independently of our competitors.

Don't even think of discussing or agreeing about price or any other competitively sensitive topic with competitors. If your job requires you to interact with a competitor, get advice from the Law Department about how to do so properly. Avoid conversations involving pricing, brand launches, trade programs, or other competitively sensitive topics.

We do not act with business partners to exclude rivals or harm competition.

Arrangements with customers and vendors may be an issue if they exclude rivals or make it more costly for rivals to compete, or if they harm competition among distributors, retailers, or vendors. Where we have significant market share, we need to be particularly sensitive when interacting with the trade and supply chain.

What We Need to Remember

Getting it right means asking for help. Competition rules are complex and can be counterintuitive. The Law Department and affiliate management understand what is appropriate for your market and can offer guidance. Before taking action, ask yourself whether your decision could appear to be in cooperation with competitors, or designed to exclude or make it more costly for rivals to compete. If so, you need to consult your management and your colleagues in the Law Department.

Any interaction with competitors may create legal issues. Often the best approach is to avoid unnecessary contact with competitors, especially if your job or the circumstances might create even the impression that pricing, trade terms and programs or other competitive topics are discussed. If someone starts talking about such topics, end the conversation. Make it clear to those around you that you are not willing to participate in any anti-competitive agreements. Then, immediately contact the Law Department.

The way we compete is as important as the results. Some ways to increase volume and profits are simply not how we do business. Similarly, collecting information about our competitors' activities is not necessarily the right thing to do. The type of information and how we collect it are often subject to legal limitations. Work with your local lawyers to learn – and follow – the applicable local rules.

LEARN MORE

PMI 5-C: Competition

ANTI-BRIBERY & CORRUPTION



ANTI-BRIBERY & CORRUPTION

What We Do

We do not bribe anyone, anywhere, for any reason.

Bribery undermines the rule of law and debilitates the well-being of society. We recognize that our refusal to participate in corrupt activities may make doing business more difficult in some markets, but bribery is simply unacceptable at PMI.

We are consistent and firm in this position; and we have proven time and time again that we can ultimately achieve our business objectives without such unacceptable shortcuts.

How We Do It

Never offer or give a bribe or allow others to bribe on our behalf. We need to be extremely careful when we offer anything of value – including money, gifts, favors, or entertainment – that might be seen as an attempt to inappropriately influence a person's professional actions or decisions. Use good judgment and, whenever in doubt, work with the Law Department to understand what you can and cannot do.

Don't make facilitating payments – even if allowed under local law or if doing so is "normal" in society. Facilitating payments are nominal payments or small gifts to government officials in exchange for speeding up a routine process or service. If you perceive a need or feel pressure to make such a payment, do not do it. Instead, talk to the Law Department about how best to deal with the situation.

Document everything of value given to government officials. You should always keep records of gifts and entertainment that you provide to government officials. This will fulfill the legal requirements for accurate books and records, and help avoid any misimpressions.

What We Need to Remember

Before offering or giving anything of value to a government official, understand both PMI's and your local requirements.

Conduct that might be appropriate in one market might be illegal or otherwise unacceptable in another. For example, offering a meal to an official is illegal in some countries, but legitimate and customary in other countries.

What if a bribe or facilitating payment seems like the only option?

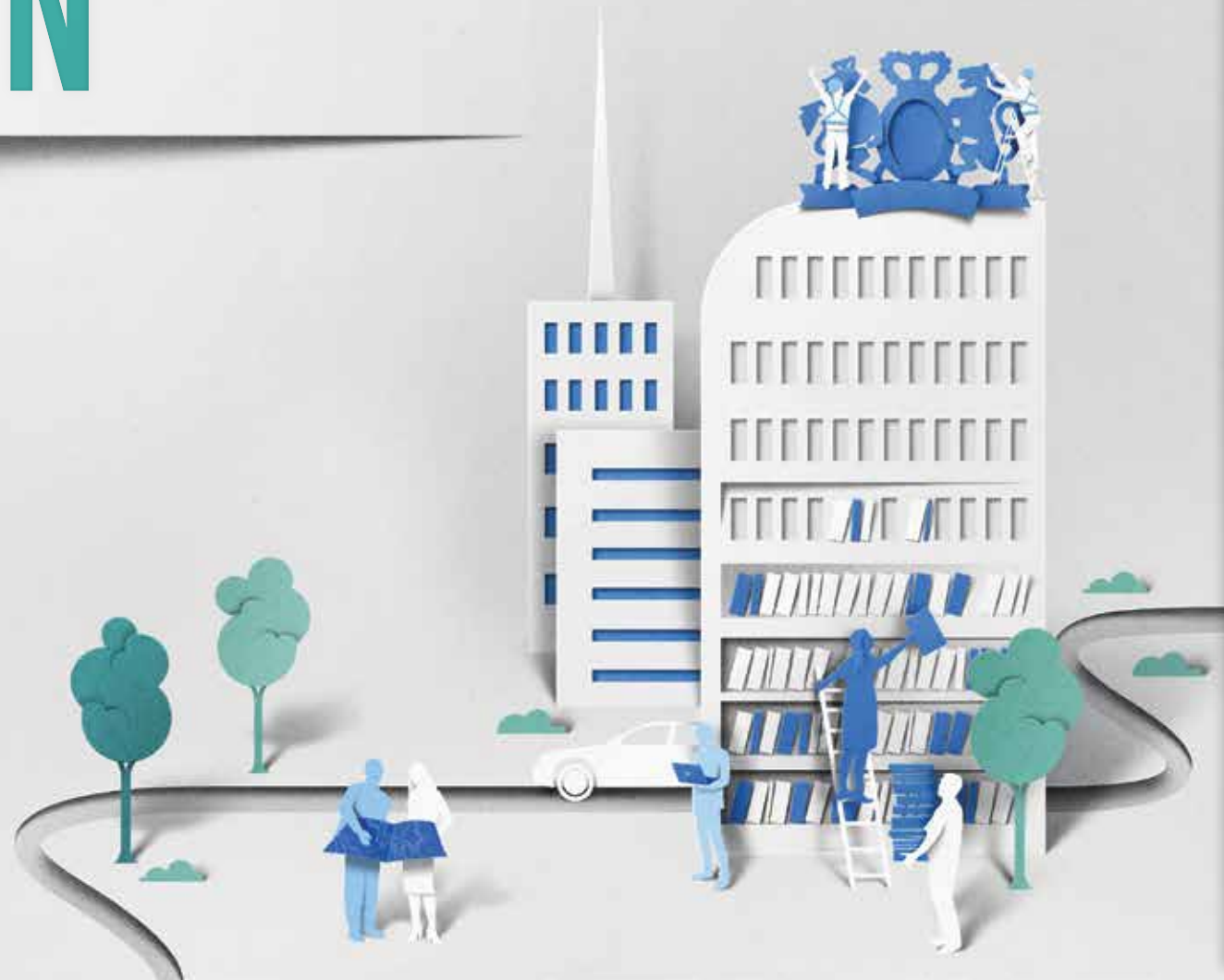
If you believe a bribe is necessary or someone pressures you to bribe, then you must speak up. The company will involve the right people to find the right way forward. We can often solve problems by contacting higher levels of government or business associations. We will forgo business opportunities or revise objectives in situations where we cannot solve the immediate problem.

The definition of a government official might surprise you.

You need to be particularly cautious when dealing with government officials. This is because laws have very specific requirements related to interactions with government officials. Government officials include national and local government employees and political candidates. The definition might also include employees of government-owned businesses, such as journalists working for a state-run newspaper or even the manager of a state-owned petrol station.

Third parties need to follow our rules. Any third party interacting with government officials on our behalf must follow the same rules we do and refrain from paying bribes (directly or through go-betweens).

INFORMATION PROTECTION



INFORMATION PROTECTION

What We Do

We protect information for competitive, ethical, and legal reasons.

Most of the time, sharing information is a good thing, but sometimes it's just wrong. Think about the information you use and learn the specific obligations we have regarding its collection, processing, storage, and distribution.

How We Do It

Protect the competitive advantage generated by our hard work.

If information generates a competitive advantage, or if a competitor would want it, then it's likely commercially sensitive information needing protection. Some examples of commercially sensitive information include specifications for new products and technologies, marketing and corporate affairs strategies, research data, budgets, and other financial information.

Preserve our intellectual property rights. There are many ways a good idea can lose its value if it isn't protected. Be sure that appropriate protections are in place before we share our intellectual property with anyone, including partners, outside of PMI. Work with the Law Department to understand how copyrights, patents, trademarks, and other forms of intellectual property rights protect the value of our ideas and work product.

Respect the people behind the data you collect and use.

It's fine for PMI affiliates to collect information about people and use it for normal business purposes (e.g. human resources, marketing, and so on), but only if we follow basic rules to protect privacy. The main rules are:

- 1) **Specify** a clear, legitimate, normal business purpose for the use that doesn't unduly infringe on the privacy of the people behind the data;
- 2) **Notify** those people of the purpose;
- 3) **Use the information fairly**, use no more information than necessary to achieve the purpose, and delete (or anonymize) it once the purpose has been achieved;
- 4) **Put in place** appropriate safeguards to prevent unauthorized access;
- 5) **Keep it accurate** and allow the people behind the information to access it if they request it; and
- 6) **Ensure** that any third parties are bound to protect the information in the same way as we are.

INFORMATION PROTECTION

How We Do It (Cont'd)

Do not engage in or facilitate insider trading. You may have information that is not public, which a reasonable investor may consider relevant in deciding whether to purchase or sell a security. Good judgment and laws prevent using this information to buy or sell securities, or “tipping” others (your spouse, co-worker, friend, broker, and so on) with that information. The Corporate Secretary group of the Law Department is ready to help you understand insider trading and related topics, and answer any questions you may have.

Respect the confidentiality and intellectual property rights of others. Don't steal other people's secrets or their property, intellectual or otherwise. This applies to big things like another company's secret process and to small things such as a copyrighted image found on the Internet.

Be careful with unsolicited ideas. If someone from outside the company comes to you with an unsolicited idea, immediately contact the Law Department before using or sharing the idea. Doing this will reduce the risk of a third party claiming credit for an idea we already have or alleging that we stole an idea.



INFORMATION PROTECTION

What We Need to Remember

Confidential or not, what we work on needs to pass the test of good ethical judgment, the law, and this Guidebook. Remember that while it's embarrassing to lose confidential information, the information itself should cause no embarrassment. We protect information for commercial, legal, and ethical reasons – we do not hide things, however unflattering, that people have a right to know.

Thoughtlessness is a leading cause of information loss.

Sometimes it's as simple as a stolen unencrypted laptop or USB drive, or conversation about a confidential matter on a train. Other times it's an overzealous desire to collaborate with external partners, before appropriate information protection safeguards are in place.

The methods used to steal information are always changing. Our technology can help protect information, but you are our real defense. Be skeptical. Know who you are dealing with, and remember that impersonating PMI employees is a favorite trick used by criminals trying to steal what is ours.

LEARN MORE

PMI 1-C: Managing Company Information

PMI 3-C: Personal Data Protection

PMI 6-C: Intellectual Property Rights

PMI 17-C: Insider Trading

PMI 18-C: Using Computer Technology

PMI 18-CG2: Social Media Guidelines

COMPANY STATEMENTS & RECORDS



COMPANY STATEMENTS & RECORDS

What We Do

We communicate honestly, fairly, and respectfully.

The public's trust in PMI is important to the long-term sustainability of our business. To maintain this trust, all of our external communications, whether in a formal or informal capacity must be truthful, appropriate, and not misleading. We honor the same practices in our internal communications and records.

LEARN MORE

PMI 1-C: Managing Company Information

PMI 18-CG2: Social Media Guidelines

PMI 31-C: External Communications and Public Statements

How We Do It

Our financial statements are accurate and understandable.

Investors make decisions based on what we say. Our financial statements and other financial information we share with regulators and the public must give an understandable and complete picture of our business. Consult with our investor relations office before giving non-public financial or business information to a member of the investment community.

We disclose our support. We are transparent about our role in developing materials that seek to influence policy decisions of interest to the company. This includes the results of work we have funded on the health implications of our products, as well as when third parties present data or views on our behalf, which we have financed, in order to inform policy decisions. If knowing about our financial support or involvement in a project or a relationship with someone would be a material factor for someone to make up their minds about topics relevant to the company, then we most probably ought to disclose it.

We maintain accurate books and records. Having accurate books and records is not limited to our financial statements. Reporting of any business information by employees and the company must be accurate, complete, and timely.

Retain records required by the law and the company. All affiliates have a retention schedule that states which documents you must keep and for how long. These schedules ensure that the business has the information it needs to operate and that we meet regulatory requirements. If you receive a Legal Hold Notice, you must follow its directions and retain all the documents it describes.

What We Need to Remember

We all define PMI. Only a few of us are trained and authorized to make statements to the media, investors, government, or scientific bodies; but we all interact with the public. Remember, we communicate honestly and we do not make product related health claims without scientific evidence, even to family and friends.

The same principles apply to how we communicate internally. Be honest, accurate, and complete in your daily communications. Take the time to be understandable. Do not confuse facts with opinion. Should you need to hypothesize about a topic, make it clear that that is what you are doing. Unless it's your job, do not make legal assessments or offer legal opinions in what you write.

Your private use of social media isn't always so private. Do not use your private social media to advertise or promote our conventional or smoke-free brands. Follow the company's guidelines for using social media. Understand that what you say via social media is a public communication and might be misunderstood as a company statement, rather than your individual views, or could inadvertently disclose confidential company information. We must not mislead the public, or violate investment and confidentiality laws.

SCIENTIFIC INTEGRITY



SCIENTIFIC INTEGRITY

What We Do

We do science that people can value and trust.

Our research is about better understanding our products. This is true across the spectrum of all of our scientific work, performed by us and for us. The focus of this section is on our smoke-free products, but all of our scientific work must be rigorous, transparent, and objective.

The credibility of our science is fundamental to the acceptance of our products. We know that if we do not adhere to best practices or disregard the values of scientific integrity, we will not succeed.

How We Do It

We develop smoke-free products using objective, multidisciplinary scientific methods. We follow applicable standards and the principles of Good Laboratory Practices and Good Clinical Practices in study designs, interpretation of data, and regulatory assessments. We take the lead in developing new methods if none exist. We utilize the expertise of our scientists across a wide range of disciplines to meet or exceed the requirements of demanding regulatory authorities.

Our quality control and other processes ensure that our data are accurate and reliable. We have a strong quality framework for conducting our smoke-free research during the development, assessment, and post-launch surveillance phases. We do not take shortcuts in our scientific work. We ensure that the results of our research are traceable and retrievable.

We encourage external verification of our findings. Our smoke-free research is published in peer-reviewed journals, and we back up our scientific conclusions by publicly sharing our scientific data. We actively collaborate with external researchers and act on their findings.

What We Need to Remember

Our research is conducted without pressure to come to specific results. Our way of working encourages all of our scientists to act independently and speak their minds about scientific matters. Each person working on a scientific project has an obligation to speak up about potential scientific misconduct.

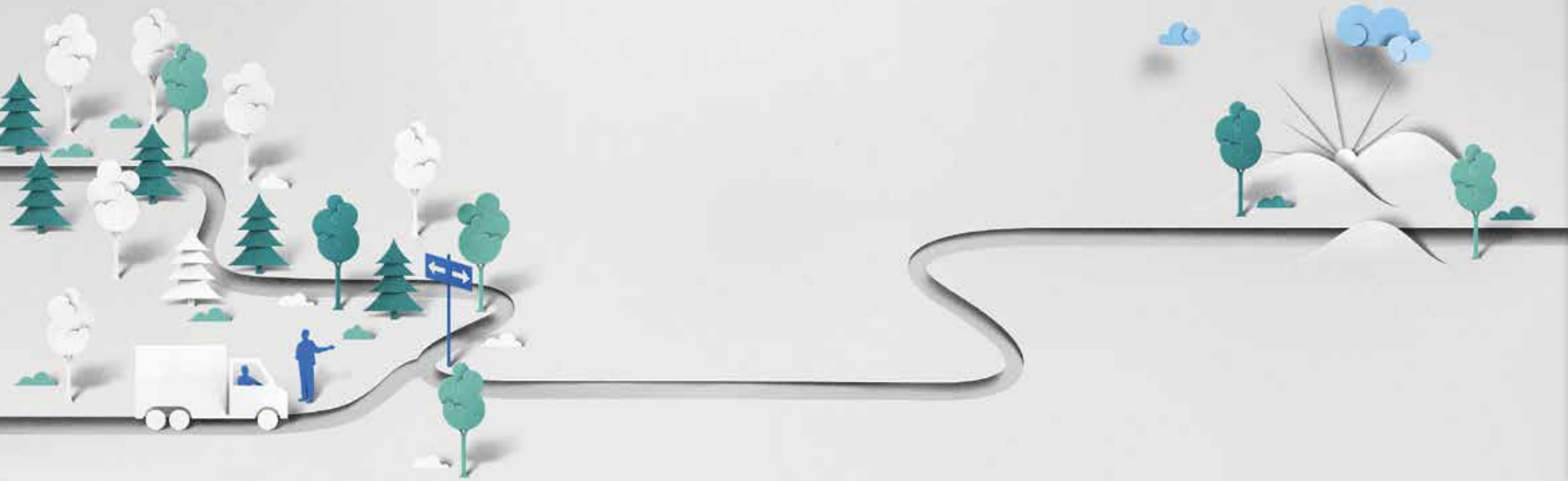
People make important decisions based on the scientific information we provide. Follow our established internal review process before communicating scientific results, issuing company statements, or making consumer oriented claims. Understand the underlying science before you communicate about scientific matters.

LEARN MORE

PMI 7-C: Regulation,
Development and
Manufacturing of PMI
Products

[PMIScience.com](https://www.pmis.com/science)

FISCAL & TRADE



FISCAL & TRADE

What We Do

We help prevent illegal sales of our products and misuse of our company resources.

A large number of smokers worldwide prefer our brands above all others. This is clearly a very good thing, but it increases the incentives for criminals to trade in our products as contraband in violation of customs or tax laws or to use our company for money laundering. PMI's standards are clear: We will not condone, overlook, facilitate, or support contraband or money laundering. We work with governments to stop illegal sales of our products. Our credibility in this area depends on our being alert to any activities or practices that might compromise our standards.

How We Do It

We have business practices designed to prevent criminal exploitation. Money laundering is the process by which individuals or entities try to conceal the source of illicit funds or otherwise make the source of their illicit funds look legitimate. PMI complies with anti-money laundering laws by using procedures to avoid receiving cash or cash equivalents that are the proceeds of crime. To prevent contraband, our affiliates monitor customer sales volumes and take action if they suspect illegal diversion of our products.

We screen potential new customers, vendors, and third-party manufacturers. We only do business with those who share our standards of compliance and integrity. The Internal Controls Department has processes to identify potential problems with business partners. We double-check to be sure we don't do business with countries, regimes, organizations, or individuals that are subject to trade sanctions with which we must comply. This screening must happen before entering into a new business relationship.

We comply with anti-boycott restrictions. Under U.S. law, PMI is required to report to the U.S. Government, and not to cooperate with, any request concerning foreign boycotts contrary to U.S. Government policy. Employees may not take any action, furnish any information, or make any declaration that could be viewed as participation in an illegal foreign boycott. Current information on prohibited international boycotts is available from the Law Department.

What We Need to Remember

Know Your Customer and other fiscal and trade standards help you do your work faster and keep all of us out of trouble. Company practices for checking on customers and other third parties may seem cumbersome and take time, but they help our business operate more efficiently and lawfully. The U.S. and other countries impose restrictions on dealings with a number of countries and thousands of individuals, and the list changes every day. Our systems help us avoid violations and collect the information we would need to respond to a government request.

LEARN MORE

PMI 9-C: Know Your Vendor

PMI 10-C: Know Your Customer and Anti-Diversion

PMI 11-C: Acceptable Forms of Payments

PMI 15-C: Taxation

CONFLICTS OF INTEREST & GIFTS & ENTERTAINMENT



CONFLICTS OF INTEREST & GIFTS & ENTERTAINMENT

What We Do

We make fair and objective decisions.

Conflicts of interest occur when personal, social, financial, or political activities overlap with an employee's work responsibilities. Most conflicts of interest involve personal relationships, such as having a close relative who works for a company seeking to do business with PMI. Our work decisions should always be based on what is best for PMI, not for us personally. Having a conflict is not necessarily a problem. Our conflict of interest requirements promote fair decision making by requiring disclosure, review, and potential mitigation of conflicts that may affect our professional objectivity. Likewise, our rules on gifts and entertainment prohibit receiving or offering anything that might influence professional judgment. This means that we can rely on each other to make good decisions, and builds our reputation for doing business honestly.

LEARN MORE

PMI 13-C: Conflicts of Interest

PMI 14-C: Anti-Corruption

How We Do It

Disclose potential conflicts of interest. Your private life is private. The company respects this but needs to know if there are situations where your private interests might overlap with your professional responsibilities. You must disclose your potential conflicts of interest to the Ethics & Compliance Department, even if you think that you can manage the issue without assistance. Most people overestimate their own ability to make objective decisions when faced with competing personal interests. The best way to test your objectivity is to involve others, who can usually find ways to mitigate the conflict.

Do not offer gifts or entertainment to compromise the professional judgment of others. Providing gifts and entertainment is a legitimate way of building business relationships and showing esteem. But gifts and entertainment should not be used to influence the objectivity of the people with whom we do business. The specifics are in our gift rules. Always use your good judgment and avoid anything that is lavish or not customary or that will embarrass your colleagues or the company. Do not participate in any entertainment that is unsavory or sexually oriented. You generally need approval to provide gifts totaling more than US \$250 during a calendar year; affiliates may set lower thresholds.

Do not accept gifts or entertainment that can influence your professional objectivity. Do not accept anything that violates the company's gift rules or would embarrass your colleagues or the company. You might need approval to accept gifts or entertainment above a certain value in a calendar year, so make sure you check the relevant PMI practices or local thresholds.

What We Need to Remember

The process for disclosing conflicts of interest is simple, confidential, and fair. The company provides simple tools for employees to disclose conflicts of interest. In fact, most potential conflicts receive clearance, with appropriate conditions for those involved. Only people with the need to know will review your conflict of interest disclosure.

Who is a close relative? A "close relative" is a life-partner, parents and stepparents; children and stepchildren; brothers and sisters; stepbrothers and stepsisters; nephews and nieces; aunts and uncles; grandparents; grandchildren; and in-laws. The "close relative" rules also cover the person with whom you are in a close personal relationship. Contact the Ethics & Compliance Department for guidance if you are not sure if a person is a "close relative."

Do not apply the rules concerning gifts to circumstances where you are not giving a gift. Make sure you understand what a gift is. In our engagement with policy makers and others in the context of our work with smoke-free products, we sometimes leave behind a device or a limited amount of consumables that are not for personal use but rather for awareness or testing purposes. Make sure you understand the rules governing these leave-behinds.

Disclose a Conflict of Interest

Use our [online form](#) or contact Ethics & Compliance directly. Unless you think it is a matter that needs to remain private, inform your supervisor.

SUPPLY CHAIN RESPONSIBILITY



SUPPLY CHAIN RESPONSIBILITY

What We Do

We are committed to long-term growth.

Achieving long-term growth depends on the sustainability of our internal and external supply chains. We are reducing the environmental impact of our activities and promoting the sustainability of the natural resources on which we depend.

We are sensitive to and work to address concerns regarding child and forced labor. These actions improve our business results and improve the lives of people in the communities where we operate.

How We Do It

We continue to reduce our carbon footprint.

We have annual, five year, and twenty year targets to reduce the carbon footprint of our supply chain. Our initiatives cover sustainability in agricultural production, including deforestation, energy and water consumption, recycling, and CO2 emissions. We disclose our progress annually.

We are working to eliminate child, forced and other labor abuses in our supply chain. We do not condone child or forced labor and do not employ children or forced labor in our company. We engage with farmers on good agricultural practices to improve the sustainability of their crops. We expect farmers to implement the requirements of our Agricultural Labor Practices Code. Our charitable giving program helps create opportunities for rural communities.

We expect our suppliers to implement our Responsible Sourcing Principles in a diligent and transparent manner. At PMI, we are committed to doing business in line with internationally recognized principles on human rights, environmental management, business integrity, and anti-corruption. We believe that joint efforts with our suppliers to establish a more sustainable supply chain will offer ample opportunities to strengthen our business relationships and create value for our respective companies.

What We Need to Remember

We work with suppliers who share our commitment to compliance and integrity. Whom we choose to work with in our supply chain and how our partners and suppliers operate affects our reputation and our business. If you are selecting a new supplier or reevaluating a current one, make sure they understand our principles and be alert to anything that could compromise our standards.

LEARN MORE

PMI Agricultural Labor Practices Code

PMI 8-C: Environment, Health, Safety and Security

PMI 12-C: Charitable Contributions

PMI Responsible Sourcing Principles

SUPERVISOR'S RESPONSIBILITIES



SUPERVISOR'S RESPONSIBILITIES

The culture of our organization influences our actions.

Many factors create corporate culture. For example, the way we work together as teams, our reputation for honesty, the fairness of the organization, the respect we show each other and consumers, perceptions of corporate policies, competitive pressure, and even rumors all contribute, for better or for worse, to our corporate culture. Those whom the company trusts to supervise others have a special responsibility for shaping our corporate culture and the work environment of their teams.

**All supervisors
should ensure
that their teams:**

Know and understand this Guidebook and the PMI Principles & Practices relevant to their job.

Understand that this Guidebook and the PMI Principles & Practices are applied fairly and consistently.

Feel free to speak up about Ethics & Compliance issues and expect the company to listen to their concerns.

See that we do business with integrity, demonstrating honesty, fairness, and respect.

Preserving the right culture is much harder than just telling employees to follow the rules. Above all, it takes authentic leadership. Show what it means to act with integrity. Earn the trust of your team by talking about the topics in this Guidebook. Ask questions, listen, and act on what they say.

Supervising others requires courage. Consistency and credibility go hand-in-hand. Remember that being a leader isn't about keeping the majority happy or appeasing a particularly difficult team member; it's about inspiring others to follow, creating a sense of community, and constructively challenging.

If someone speaks up about suspected misconduct, remember that they are honoring their duty as an employee and must be treated with respect. Please do not investigate yourself. Immediately contact Ethics & Compliance so the company can objectively address the concern.

Trust needs to go both ways. If you think your supervisor should do more to build our culture of ethics and compliance, then tell your supervisor or others at the company.

APPLICABILITY AND WAIVERS

This Guidebook contains mandatory provisions that apply to all PMI employees, officers, and directors and to anyone doing business on our behalf. Violations of this Guidebook or Compliance Principles & Practices may result in discipline, including termination.

No waiver of any provision of this Guidebook may be made without approval of the Board of Directors.

This Guidebook applies to Philip Morris International Inc. and its direct and indirect subsidiaries, collectively referred to as Philip Morris International, PMI, or the company.

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